

**ADDENDUM NO. 1**  
**to**  
**REIMBURSEMENT CONTRACT**  
**Coverage Effective: June 1, 2022**

**(Contract)**  
Between  
<<Legal Name>>  
("Company")  
NAIC #

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH  
ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

**It is Hereby Agreed**, effective at 12:00:01 a.m., Eastern Time, <<DATE>>, that this Contract shall be amended as follows:

**COMPANY COVERAGE OF POLICIES OF UNSOUND INSURERS PURSUANT TO SECTION 215.555(5)(e), FLORIDA STATUTES.**

If an insurer is determined by the Office of Insurance Regulation to be an unsound insurer as defined in Section 215.555(2)(p), Florida Statutes, and Company seeks to provide coverage for Covered Policies of such unsound insurer, Section 215.555(5)(e), Florida Statutes, provides that Company may, subject to provisions mutually agreed to below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the unsound insurer's Reimbursement Contract with the FHCF. Prior to the date that Company takes a transfer of policies from an unsound insurer, Company shall select one of these options using Appendix A of Addendum No. 1 and submit to the FHCF as instructed.

**PROVIDING COVERAGE FOR AN UNSOUND INSURER'S POLICIES UNDER COMPANY'S FHCF REIMBURSEMENT CONTRACT**

- (1) If a Covered Event has occurred prior to the transfer of policies from an unsound insurer to Company, Company must accept an assignment of such unsound insurer's FHCF Reimbursement Contract and cannot cover such policies under Company's Reimbursement Contract through an assumption of the unsound insurer's Covered Policies. Only in those situations where a Covered Event has not occurred shall Company be able to obtain coverage under its own FHCF Reimbursement Contract for those policies assumed by Company from an unsound insurer.

- (2) Responsibilities relating to the assumption of the unsound insurer's Covered Policies by Company:
- (a) Company shall accurately report the exposure and loss data related to Covered Policies assumed from an unsound insurer.
    - 1. For an assumption of Covered Policies from an unsound insurer to Company that occurs after June 30, 2022, and before December 1, 2022, Company shall report exposure in effect for such policies as of June 30, 2022, and the FHCF shall treat all such policies as if they were in effect as of June 30, 2022 for the Company. The Company shall report assumed Covered Policies based on their status at June 30, 2022, in a single Data Call file combined with the Company's Covered Policies written as its direct business based on the requirements outlined in Form FHCF-D1A (Data Call). The combined Data Call file is due on September 1, 2022, or a maximum 60 days from the date of the assumption, whichever is later. If Company's Data Call file has been previously submitted to the FHCF, the Company will be required to resubmit its initial Data Call.
    - 2. If Company is unable to submit the combined Data Call file by September 1, 2022, Company must initially submit its Data Call file with all of its direct written Covered Policies that were in effect as of June 30, 2022 (prior to the assumption of additional Covered Policies from an unsound insurer) by September 1, 2022. Company will then need to resubmit the combined Data Call file no later than 60 days from the date of the assumption.
    - 3. If a policy assumed by the Company from an unsound insurer is not reported in the Company's Data Call file, Losses under that policy may not be included in Losses reported to the FHCF unless the Company is able to resubmit the Data Call file to include such omitted policies.
    - 4. For an assumption of an unsound insurer's Covered Policies after November 30, 2022, the Company is not required to report its assumed policies to the FHCF until the subsequent contract year based on the status of the policy at June 30 of that subsequent contract year.
    - 5. Except as noted above, for purposes of reporting Losses to the FHCF, Company shall report all Losses including those associated with Covered Policies assumed from an unsound insurer on Forms FHCF-L1A and FHCF-L1B as required under the Reimbursement Contract.
  - (b) FHCF Reimbursement Premium  
the Reimbursement Premium for all Covered Policies assumed from an unsound insurer by Company shall be due on December 1, 2022, or within 15 days of being invoiced by the FHCF, whichever is later. The total 2022 Reimbursement Premium resulting from the reporting of exposure on Company's Covered Policies and the Reimbursement Premium associated with Covered Policies assumed by Company from an unsound insurer shall be combined to determine Company's retention and its share of the FHCF's capacity.
  - (c) An administrative fee of \$1,000 shall apply to each resubmission of exposure data for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the first examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. Resubmission fees shall be invoiced along with the Reimbursement Premium billing discussed in (b) above.
  - (d) Company shall ensure that the books and records related to the Covered Policies assumed from an unsound insurer are preserved and accessible to the FHCF for its exposure and claims examinations. Company shall retain data related to the FHCF examinations as required in Forms FHCF-D1A, FHCF-DCL, FHCF-EAP1, and FHCF-LAP1 for the exposure assumed from an unsound insurer.
  - (e) Company is required to provide the FHCF with a complete listing of all assumed policies, including Covered Policies and other policies not covered by the FHCF. As outlined in the Data Call, the

listing must include each policy number and the policy's effective and expiration dates. In addition to the policy listing, Company must provide an agreement between the Company and the unsound insurer that supports the number of policies assumed.

**COMPANY ACCEPTANCE OF AN ASSIGNMENT OF AN UNSOUND INSURER'S FHCF REIMBURSEMENT CONTRACT**

(1) Responsibilities relating to Assigned Reimbursement Contracts:

- (a) Company, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the unsound insurer for such transferred Covered Policies.
- (b) Company is responsible for the Reimbursement Premiums due under the assigned Reimbursement Contract. Should any Reimbursement Premium be owed at the time paid Losses for Covered Policies under the assigned Reimbursement Contract exceed the Retention under the assigned Reimbursement Contract, all Reimbursement Premiums (as well as any applicable fees and interest) shall be offset before the issuance of any reimbursement payment.
- (c) Company has the responsibility to report all exposure and loss information for Covered Policies under the assigned Reimbursement Contract separately for each assigned Reimbursement Contract pursuant to the reporting requirements specified in the Reimbursement Contract. If the unsound insurer has already submitted the required Data Call, Company has the responsibility of filing any resubmissions as necessary.
- (d) Company has the responsibility to ensure that the books and records related to the assigned Reimbursement Contract are preserved and accessible to the FHCF for its exposure and claims examinations. Company has the responsibility to retain data related to FHCF examinations as required in FHCF-D1A, FHCF-DCL, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.

(2) Company will not be reimbursed by the FHCF for any Losses occurring prior to the date it first provides coverage for such transferred policies. Reimbursements for those Losses shall be made to the unsound insurer, the court-appointed receiver, or the applicable guaranty association, as provided by statute.

**Approved by:**

Paragon Strategic Solutions Inc., on Behalf of the State Board of Administration of the State of Florida and as Administrator of the Florida Hurricane Catastrophe Fund

By: \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Company

By: \_\_\_\_\_ Printed Name and Title \_\_\_\_\_ Date \_\_\_\_\_

**APPENDIX A TO ADDENDUM NO. 1  
to  
REIMBURSEMENT CONTRACT**

**(Contract)**

between

**<< Legal Name >>**  
("Company")

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)  
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

Pursuant to Section 215.555(5)(e), Florida Statutes

With reference to

\_\_\_\_\_  
Name of Unsound Insurer ("Unsound Insurer")

We, the undersigned, being officers of the Company, acting within our authority, hereby make the following election with reference to the Unsound Insurer named above:

(Check appropriate box and provide date of transfer below):

Company elects to obtain FHCF coverage for the Unsound Insurer's Covered Policies by including such Covered Policies under Company's 2022 FHCF Reimbursement Contract.

Date policies assumed by Company: \_\_\_\_\_

Company elects to obtain FHCF coverage for the Unsound Insurer's Covered Policies by accepting an assignment of the Unsound Insurer's 2022 FHCF Reimbursement Contract.

Date Reimbursement Contract assigned to Company: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RETURN COMPLETED FORM TO:**

Paragon Strategic Solutions Inc.  
8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100  
Minneapolis, MN 55437